

# SENATE RECORD VOTE ANALYSIS

106th Congress  
1st Session

Vote No. 231

July 29, 1999, 2:59 p.m.  
Page S-9683 Temp. Record

## TAXPAYER REFUND ACT/Higher Taxes, Medicare Drugs

**SUBJECT:** Taxpayer Refund Act of 1999 . . . S. 1429. Kennedy motion to waive the Budget Act for the consideration of the Kennedy motion to recommit with instructions.

### ACTION: MOTION REJECTED, 45-55

**SYNOPSIS:** As reported, S. 1429, the Taxpayer Refund Act of 1999, will give back to the American people \$792 billion of the \$3.3 trillion in surplus taxes that the Congressional Budget Office (CBO) has projected that the Federal Government will collect over the next 10 years. The projection is based on assumptions of 2.4-percent average annual growth in the economy, no growth in discretionary spending after 2002, and entitlement spending growth as required under current law. Approximately \$1.9 trillion of the surpluses will be Social Security surpluses (Republicans have been attempting to defeat a Democratic filibuster of a proposal to protect those surpluses from being spent; see vote Nos. 90, 96, 166, 170, 193, and 211). After protecting the Social Security surpluses and providing tax relief of \$792 billion, \$505 billion will remain for additional spending or debt reduction. The average growth rate over the past 50 years has been 3.4 percent. The current growth rate is around 4 percent. If the 3.4-percent average rate is maintained for the next 10 years, then (using the CBO rule-of-thumb chart from Appendix C of the January 1999 Economic and Budget Outlook) the surplus will be roughly \$4.9 trillion, not \$3.3 trillion. Key tax relief provisions include that the bottom tax rate will be lowered to 14 percent and expanded (providing \$297.5 billion in tax relief over 10 years) and the tax burden on families will be cut (providing \$221.7 billion in tax relief). Tax relief will also be given to encourage saving for retirement, to make education and health care more affordable, to lower death taxes, and to lower taxes on small businesses.

**The Kennedy motion to recommit with instructions** would instruct the Finance Committee to report the bill back within 3 days with "an amendment to reserve amounts sufficient to provide a prescription drug benefit to all Medicare recipients, in the context of modernizing and strengthening Medicare, by reducing or deferring certain new tax breaks in the bill, especially those which disproportionately benefit the wealthy."

Senator Roth raised a point of order that the Kennedy motion violated section 305 of the Budget Act. Senator Kennedy then moved

(See other side)

YEAS (45)			NAYS (55)			NOT VOTING (0)	
Republicans (1 or 2%)	Democrats (44 or 98%)		Republicans (54 or 98%)	Democrats (1 or 2%)		Republicans (0)	Democrats (0)
Specter	Akaka	Kennedy	Abraham	Helms	Breaux		
	Baucus	Kerrey	Allard	Hutchinson			
	Bayh	Kerry	Ashcroft	Hutchison			
	Biden	Kohl	Bennett	Inhofe			
	Bingaman	Landrieu	Bond	Jeffords			
	Boxer	Lautenberg	Brownback	Kyl			
	Bryan	Leahy	Bunning	Lott			
	Byrd	Levin	Burns	Lugar			
	Cleland	Lieberman	Campbell	Mack			
	Conrad	Lincoln	Chafee	McCain			
	Daschle	Mikulski	Cochran	McConnell			
	Dodd	Moynihan	Collins	Murkowski			
	Dorgan	Murray	Coverdell	Nickles			
	Durbin	Reed	Craig	Roberts			
	Edwards	Reid	Crapo	Roth			
	Feingold	Robb	DeWine	Santorum			
	Feinstein	Rockefeller	Domenici	Sessions			
	Graham	Sarbanes	Enzi	Shelby			
	Harkin	Schumer	Fitzgerald	Smith, Bob (I)			
	Hollings	Torricelli	Frist	Smith, Gordon			
	Inouye	Wellstone	Gorton	Snowe			
	Johnson	Wyden	Gramm	Stevens			
			Grams	Thomas			
			Grassley	Thompson			
			Gregg	Thurmond			
			Hagel	Voinovich			
			Hatch	Warner			

#### EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

#### SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

to waive the Budget Act for the consideration of the motion to recommit. Generally, those favoring the motion to recommit favored the motion to waive; those opposing the motion to recommit opposed the motion to waive.

NOTE: A three-fifths majority (60) vote is required to waive the Budget Act. After the failure of the motion to waive, the point of order was upheld and the amendment thus fell.

**Those favoring** the motion to waive contended:

Medicare does not provide a prescription drug benefit. It should. When it was enacted in 1965 that benefit was not provided because it was not the norm to provide it in private insurance policies. Drugs were cheap, and drug therapy was not common. Times have changed. Huge advances have been made in treating illnesses with drugs, and the costs of drugs have risen tremendously. Private insurance policies have kept pace with the times by offering prescription drug benefits. It is time for Medicare to catch up. Providing this benefit would help senior citizens and it would help Medicare. Elderly Americans account for one-third of all prescription drug expenditures, though they make up only 12 percent of the population. Many of them, despite being on small, fixed incomes, have to spend \$200 or more each month on prescription drugs. They are often forced into the cruel choice of buying medicine they need to treat their illnesses or paying for the necessities of life. It is very common for senior citizens to cut their medications in half in order to try to make ends meet. As a result, they become gravely ill and often require hospitalization. Medicare ends up paying \$20 billion more each year from treating illnesses that could have been controlled with prescription drugs. In America today, rich retirees can afford to buy prescription drugs, and impoverished Americans on Medicaid are given them for free. Everyone else suffers. Our Republican colleagues tell us that they do not need to reduce the tax breaks they want to give to the rich in this bill in order to afford to give a Medicare prescription drug benefit. We do not think their numbers add up. With a \$1 trillion non-Social Security surplus, a \$792 billion tax break, and the higher interest payments that will have to be made if that tax break is given, our Republican colleagues will have less than \$70 billion left to spend over 10 years on Medicare and everything else. Their number of \$505 billion is just not realistic because it is based on an estimate that says we will not increase discretionary spending at all, not even to cover inflationary increases, over the next 10 years. No one believes that will happen. If we are going to find the money to fix Medicare, we are going to have to find it in some of the tax cuts that our Republican colleagues are proposing for their rich friends. We urge our Republican colleagues to face this reality by voting in favor of the motion to waive the Budget Act for the consideration of the Kennedy amendment.

**Those opposing** the motion to waive contended:

Medicare needs comprehensive structural reforms if it is going to remain solvent. Pasting on a new prescription drug benefit would not solve its problems. In fact, it would delay reform efforts by increasing satisfaction with the program and thereby lessening pressure on Members to fix Medicare's structural problems. Any benefit that is provided must be provided as part of a comprehensive reform effort. One such proposal was suggested by the Bipartisan Medicare Commission. That proposal had bipartisan support from 10 of the 17 members of the commission, but was opposed by the four members who represented President Clinton. Had President Clinton not decided to oppose that plan, we believe a prescription drug benefit could already have been enacted. In that proposal, a prescription drug benefit would have been given immediately to low-income seniors (up to 135 percent of the poverty level). This action would have given the 35 percent of elderly Americans who currently do not have prescription drug coverage the coverage that they need. It would also have required all health plans participating in the Medicare Program to make an enhanced benefit package available that included prescription drug coverage and that protected senior citizens from unlimited out-of-pocket expenses. Finally, it would have required every medigap policy to cover prescription drugs. We note also that this proposal went well beyond providing prescription drug benefits--it also would have made structural reforms to fix Medicare's insolvency problems. President Clinton, instead of proposing real reforms, just suggested a shell game with the surplus in which he would prop up Medicare with \$300 billion in Treasury note IOUs and then spend the money. This action would give the appearance of making Medicare more sound, but all it would do is promise to make Medicare a semi-welfare program by giving it taxpayer subsidies until 2027, at which time the program would fail. He threw into that proposal the idea of giving a prescription drug benefit, which he estimated would cost \$48 billion over the next 10 years. We note that the budget resolution we have already passed set up a reserve fund of \$92.4 billion over 10 years for Medicare that could cover that cost, and we note that even after this tax cut is given the Federal Government will have \$505 billion in additional non-Social Security surpluses that it can spend on Medicare reform or other purposes. The Kennedy amendment is not really about making Medicare reforms; it is about cutting the tax relief. Despite the rejection by the Administration of the work of the Bipartisan Medicare Reform Commission, we are not going to let this issue drop. The Finance Committee has been holding extensive hearings on Medicare and is developing another bipartisan proposal. We are not going to let this issue drop. Structural reforms are needed to keep Medicare from failing, and we are going to keep working at the problem until we find a solution upon which everyone can agree. We will not vote to paper over the problem with more money. The Kennedy amendment is not constructive. It would not help Medicare, and it has only been offered in an effort to reduce the tax refund that this bill will give to the American people. We urge our colleagues to reject this amendment.